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JUNE 10, 1992
A BILL PUBLICATION

RB

RESTAURANT BUSINE

Have Restaurant Reviewers Gone Soft?

BUSINESS BAROMETER

Customer Traffic: Not Breaking Down Doors

Customer traffic at restaurants in 1991 posted a negligible 1% increase, lower than the previous two years. The quickservice segment showed the most sizeable advance while the upscale segment had the biggest drop.

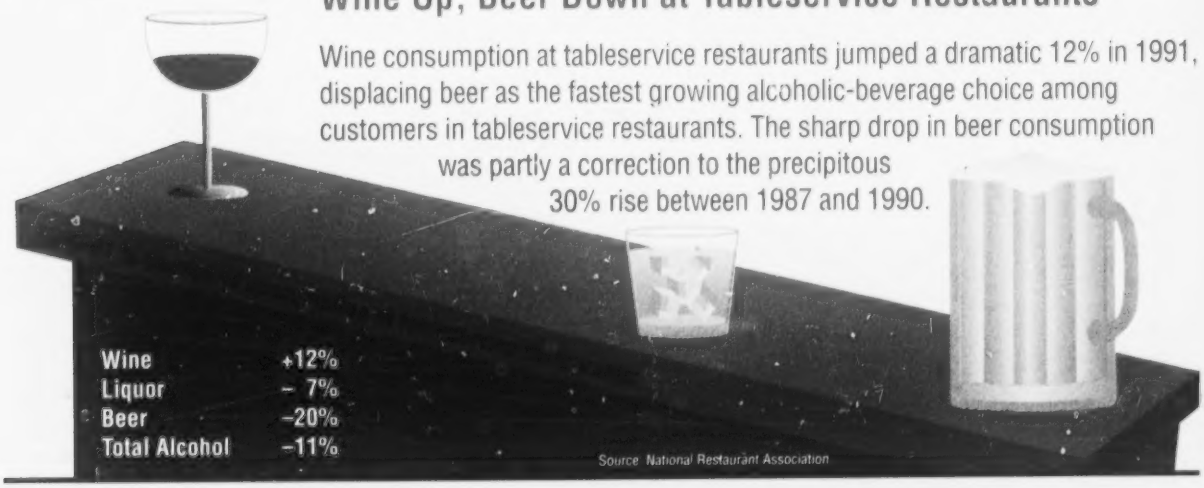
% change in customer traffic:

	1988	*1989*	*1990*	*1991*
Total Industry	0.5%	1.4%	1.7%	1.0%
Quickservice	1.8	1.2	2.4	1.8
Midscale	–2.4	0.9	–0.5	–0.6
Upscale	–1.4	5.0	2.0	–0.7

Source: NPD/CREST, National Restaurant Association

Wine Up, Beer Down at Tableservice Restaurants

Wine consumption at tableservice restaurants jumped a dramatic 12% in 1991, displacing beer as the fastest growing alcoholic-beverage choice among customers in tableservice restaurants. The sharp drop in beer consumption was partly a correction to the precipitous 30% rise between 1987 and 1990.

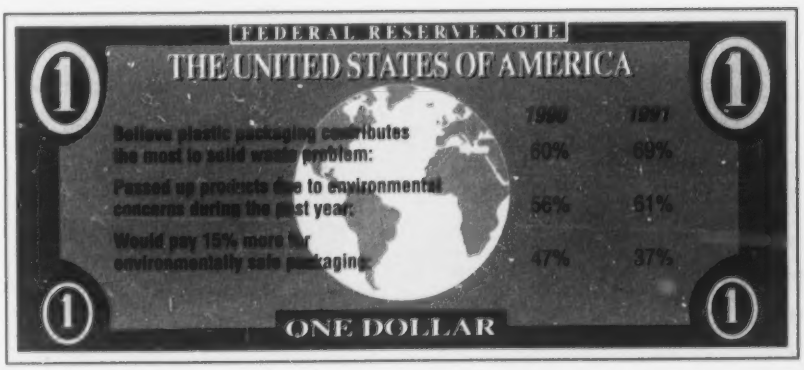


Wine	+12%
Liquor	– 7%
Beer	–20%
Total Alcohol	–11%

Source: National Restaurant Association

Consumers More Sensitive to Environment (and Pocketbooks)

An increasing number of consumers are passing up products due to environmental considerations and believe plastic packaging contributes the most to the solid-waste problem. But they aren't willing to pay more for environmentally safe packaging, perhaps because of the recession.



Source: FIND/SVP, Gerstman & Meyers Survey

Charts by Peter K. Niceberg

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Cover Sculptural Illustration by Timothy Young
Photograph by Jeff Heiges

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IN THE NEXT ISSUE

MINORITIES STATUS REPORT. This article takes a close look at minority franchisees in major chains across the country. How many have made it? How have they fared? What opportunities remain?

SPECIAL REPORT THE CHALLENGE OF CHILDREN. Is there a down side to courting kids? Every operator wants to be accommodating, but for more serious, adult-oriented establishments, is it a risk?

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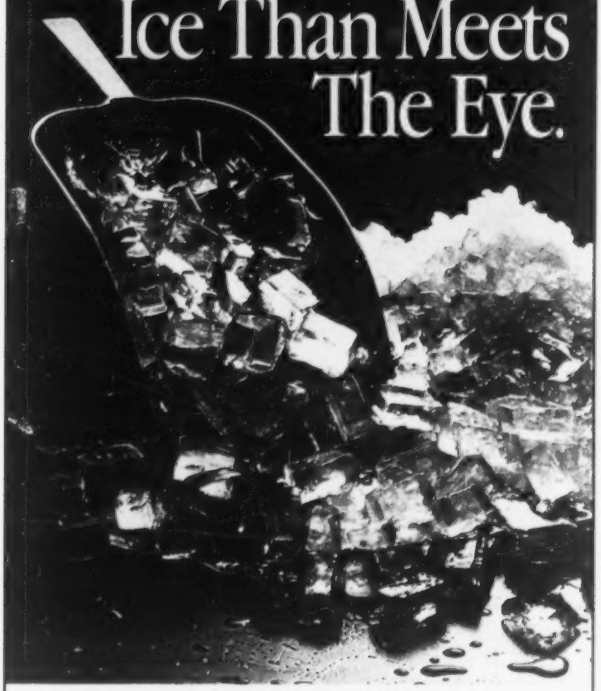
There's More To Ice Than Meets The Eye.



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Have Restaurant Reviewers Gone Soft?

Red Sage was this year's hottest restaurant opening. It was years and millions in the making. Naturally, foodies far and wide pondered whether owner Mark Miller's "modern Western" spectacle in the nation's capital would live up to pre-opening expectations.

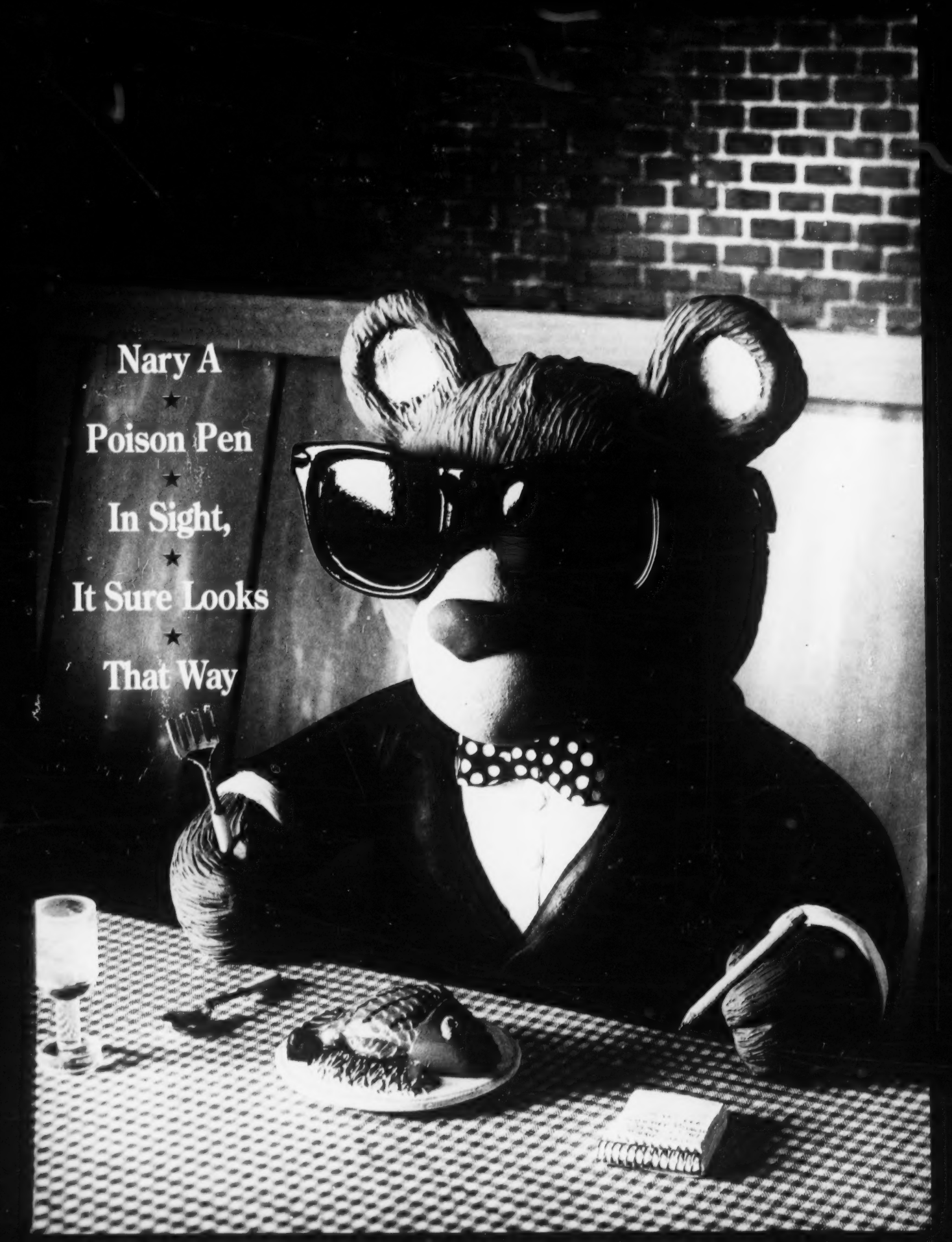
Phyllis Richman, the *Washington Post's* esteemed restaurant critic and one of the paper's highest-paid writers, went six times before writing her review. Says Richman: "It was the most important restaurant to open in a long time."

If Miller lost any sleep worrying about Richman's impending critique, he needn't have. Here is what she wrote: "Red Sage is the kind of restaurant you could love or hate, depending on where you sit, when you eat, and what you order. Let me help you love it." And she did just that.

No need to fear your local restaurant critic. Restaurant reviewers are kinder and gentler folks these days, and they're not out to hide it. Says Bill Rice, food editor of the *Chicago Tribune* and former editor of *Food & Wine* magazine: "Ninety-five percent of what is written about restaurants is favorable and positive."

By Marilyn Alva

SCULPTURAL ILLUSTRATION BY TIMOTHY YOUNG. PHOTOGRAPHED BY JEFF HEIGES


Nary A
★
Poison Pen
★
In Sight,
★
It Sure Looks
★
That Way

In fact, today's reviewers act more as populist-style consumer restaurant guides than finicky gastronomes. They're mostly interested in pointing the way to the best little Liberian restaurant in East L.A., or the new bistro that gives the best value in South Chicago.

The rules have changed. No more ruminations on whether, as Craig Claiborne once said, the Russian caviar is too gray or too black or too big and where do you rate it on a scale of one to ten.

"The new rules are who can get there first," says Gael Greene, the longtime restaurant critic for *New York* magazine.

Although reviewers may take a stand when a duck is a flop or a snapper is a slouch, that's not their primary mission. "The whole idea of a mass appeal medium is to find places where you might want to eat out," says Bob Levey, former restaurant critic for the *Boston Globe*. Levey says that to advise readers where *not* to go in a city like Boston would be a disservice.

★ PHYLLIS RICHMAN ★
THE WASHINGTON POST

What's more, as restaurants have transformed into living theater—where entertainment value ranks high—food has become less important. In review after review, food enters in almost as an afterthought to the whole gestalt of the dining-out experience. The black-bean chili or smoked mushroom sauce isn't even talked about most times until the decor, noise level, crowd, and waitstaff are dispensed with.

Of her own job, *Baltimore Evening Sun* reviewer Mary Maushard says, "This is not high brow. People go out to restaurants for the entertainment. You have to say, 'Are you getting your money's worth? And is it a pleasurable experience'?"

"Food used to be it, totally, for me," says Richman. "I've changed." She says in many cases food is almost irrelevant to a restaurant that has interesting people in it or comfortable chairs. Echoing that thought, one prominent reviewer says that if he were ever to open a restaurant he'd call it "Lots of Models Eat Here."

"There are a lot of restaurants here where food is not the main thing," says *Los Angeles Times* critic Ruth Reichl. "I ask: Is it living up to the standards it set for itself? A lot of places are not trying to serve fabulous food."

Maybe so. But some operators believe reviewers have strayed too far from food and become too populist.

"When was the last time you read an opera review that said the seat was not comfortable and the people in the audience were noisy?" asks Miller. "They miss the point sometimes. Reviewers take the food too lightly. Just because you eat doesn't mean you're a food critic."

Although he was partial to French cuisine, Claiborne's educational approach to reviewing in the late 1960s and 1970s—explanatory dissections of dishes—nevertheless helped expand Americans' culinary horizons beyond meatloaf and mashed potatoes. Claiborne chides contemporary reviewers for paying more attention to the surroundings than the food. "That disturbs me," he says.

But the former *New York Times* restaurant critic also thinks the reviewer's job is more difficult today.

"When I was reviewing, I went to restaurants with menus of classic French and maybe Italian; the menus were more stable and standardized," says Claiborne. "Now that they're inventing more dishes—with Asian ingredients like lemon grass, for example—you've got to simply go and pray that you're correct."

Still, a drop-dead bad review is rare these days. Most reviewers say they won't even review places if they're not up to snuff. "Why tell people about a bad place?" asks Michael Bauer, food editor and restaurant reviewer for the *San Francisco Chronicle*. Betsy Kline of the *Pittsburgh Press* maintains, "I never go out of my way to slam a place given that it's such a hand-to-mouth business and profit margins are not so good."

Her competitor at the *Pittsburgh Post-Gazette* saw things that way, too, but he was under federal investigation for allegedly trading favorable reviews for money. Before any charges were filed, Mike Kalina killed himself.

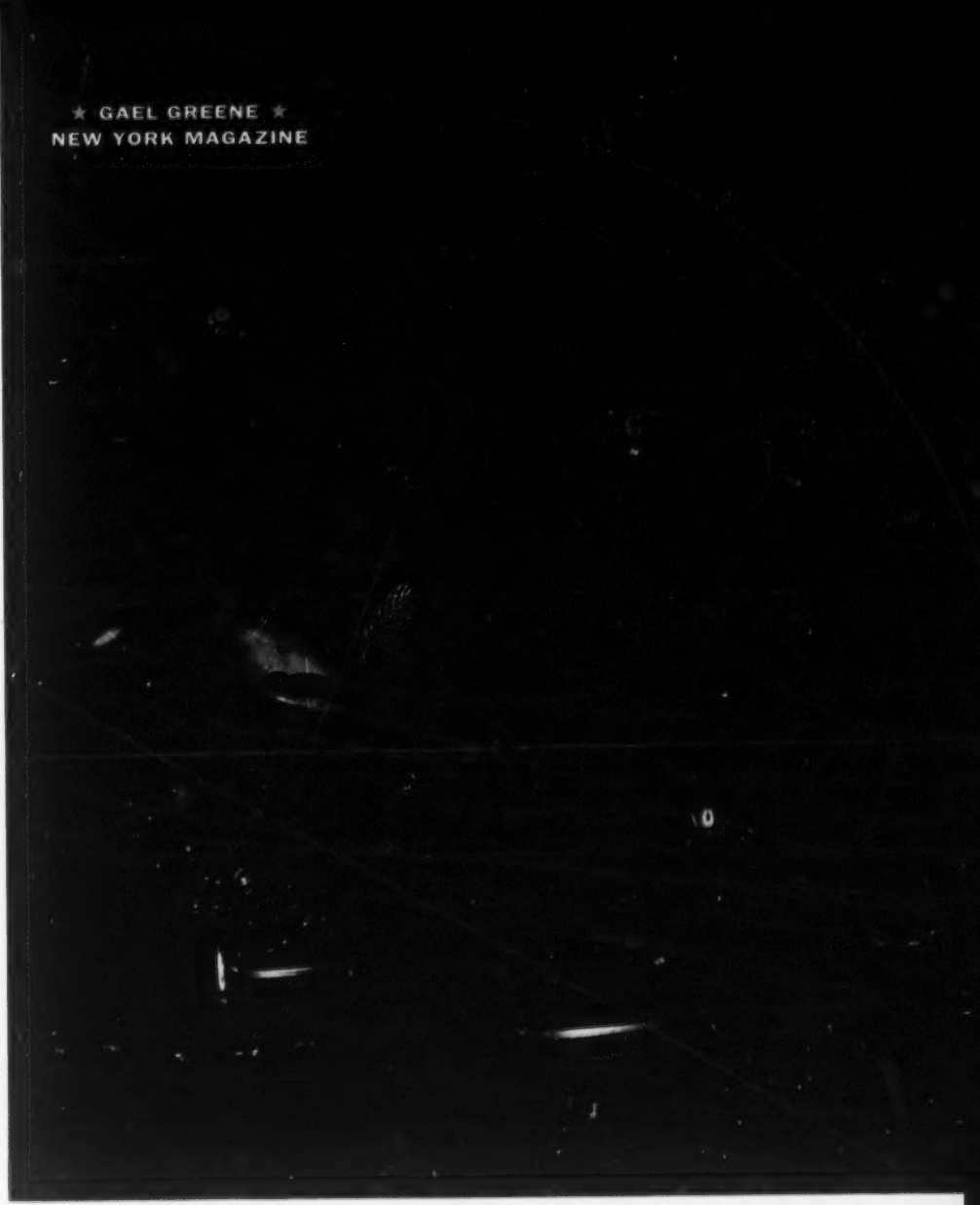
Though the Kalina case is considered an extraordinarily isolated one among the major daily newspapers, ethics at smaller community papers, where newspaper expense budgets are small, are still questionable. "This is still a profession riddled with charlatans and people on the take," Reichl charges.

Most restaurant critics for daily newspapers hardly consider themselves Woodwards and Bernsteins of the restaurant beat. In fact, most are as easy on restaurants as garden writers are on petunias.

Take Jonathan Susskind's critique in the *Seattle Post-Intelligencer* of Botticelli Cafe. He wrote that the rigatoni with vegetables in cream sauce was "droll" but also "competent." The pasta and grilled veal chop at Cafe Pro Bono in Palo Alto was deemed by San Francisco *Chronicle's* Tom Sietsema to be "watery" and "lacking in luster," respectively. But he suggests such transgressions be forgiven "in light of a team of servers that know how to pamper."

Even when they aren't pleased, restaurant critics find a nice way to say it. Chicago *Tribune* critic Phil Vettel says he has no qualms slamming an "important" restaurant if warranted. "It's my sworn duty to tell every-

"As theater, Maggiano's is terrific. For large groups, Maggiano's is a lot of fun. And as a food experience—say, did we mention how much fun this place is for groups?"
—PHIL VETTEL
THE CHICAGO TRIBUNE



PHOTOGRAPH BY ALEX GOTFRYD COURTESY PETER C. JONES, INC., NEW YORK

body if Rich Melman opens a crummy place," he says.

Vettel reviewed Melman's Maggiano's earlier this year. He found good and bad in the new Italian restaurant, but his "duty" didn't compel him to dwell on the bad. "As theater, Maggiano's is terrific," wrote Vettel. "And as a food experience—say, did we mention how much fun this place is for groups?"

Operators have noticed a change.

"They've lightened up a little bit," says Nick Nicholas of Nick's Fishmarket in Chicago, who years ago was so angry with petulant critics he organized an advertising and circulation boycott against the papers they wrote for. Ten years ago, he says, "Reviewers were as nasty as they could be. They got a kick out of closing restaurants down."

"For a while they were almost vicious," adds John Schroeder, a professor in the department of restaurant, hotel, and tourism at Purdue University, and a former reviewer. "I do think they've gotten easier."

Once, Michael O'Keeffe, owner of The River Cafe in Brooklyn, N.Y., and the Water Club in Manhattan, refused to serve former New York *Times* reviewer Mimi Sheraton because, he says, "she was destructive to the business. There was no objectivity to her reviews." Sheraton, who studied cooking and spent time in France, was once described as a tough, dour inspector general in her approach to reviewing. She felt it her duty to write bad reviews as well as the good.

O'Keeffe praises the *Times'* current reviewer, Bryan Miller. "He struggles to be objective. You can't ask for more than that."

The influential Miller has taken exception to the rush-to-get-there-first style of reviewing. In a recent review of Manhattan's Park Avenue Cafe, he wrote: "I have waited several months to assess this place, not out of sympathy for a new establishment that needs time to get its sea legs, but because holding back yields a portrait of the restaurant that holds up over time. Premature reviewing often leads to highly equivocal assessments that have little value."

But, in actuality, Miller is himself no angel. He writes quick, impressionary reviews in a secondary column featured near his weekly reviews. It's called "Diner's Journal." In one recent quick take, he scrutinized the "newly reformulated" Raoul's Brasserie and Grill. Refreshingly, he advised not rushing downtown to sample the food ("average"), but not before complaining of the sweaty, bigger-than-life basketball players on the giant projection screen.

So, should restaurant reviewers even be called critics? After all, their backgrounds are as reporters, and they're rarely experts on food and wine. Many are more comfortable gathering and passing on information than passing judgment on the worthiness of an asparagus risotto.

Indeed, many critics approach restaurant reviews as they would a typical news assignment. That may not be such a bad thing considering the diversity of foods being menued now. They call chefs about ingredients, they find people familiar with certain foods to dine with them, and they read books and articles about unusual foods they review.

"I'm much more at ease as a reporter," says the Baltimore *Evening Sun's* Maushard. "Sometimes I'm at a loss as to whether a certain dish is made the way it should be."

Levey was a reporter and editor his entire career when "at a mid-life transition" he accepted The Boston *Globe* editor's

offer to write restaurant reviews. "He came up with an offbeat idea and I was willing to give it a try," says Levey.

At the Pittsburgh *Press*, Kline's day job is working as a copy editor on the paper's features desk. At the *Kansas City Star*, where she used to work, she was the book editor. She's a journalism major who spent many years studying another artistic medium: classical ballet.

Bill Patrick, the restaurant reviewer for the *Mississippi Clarion-Ledger*, does have a food background—in the military. His editor, Orley Hood, is bothered by his reviewer's low-brow culinary favorites—all-you-can-eat roast beef buffets. But he reasons the newspaper serves a wide range of readers. "We have to deal with that 95% wolfing down generic fish at Piccadilly's," says Hood.

Mistakes about the food preparation can't be avoided even among the best trained, but when amateurs are involved they can be downright embarrassing. Hood says it's not uncommon for reviewer Patrick to be perplexed as to whether a dish was cooked in butter or margarine.

Andre Soltner of Lutece in Manhattan recalls a reviewer who once called him to ask why his foie gras was so smooth. Soltner was ruffled. The *foie gras* was so smooth, he told the caller, because it was a *mousse of duckling.*

★ BRYAN MILLER ★
THE NEW YORK TIMES

PHOTOGRAPH BY RICHARD ROWOTCH

Even the critics at the major dailies come from the general reporting ranks at their papers or smaller publications. That even includes the Washington *Post's* Richman and the New York *Times'* Miller, who served time on a Connecticut magazine as a senior editor and writer. Miller did, however, study abroad and apprentice at a restaurant.

When did restaurant reviewing in newspapers evolve into soft-sell journalism?

Some source the beginnings to the emergence of regional and city magazines in the early 1980s. The dining-out department played a major role in these magazines, and in most cases they still do. In addition to reviews, they contain extensive restaurant listings.

Restaurant advertising is an important revenue producer for the magazines. And bad reviews are often against house policy.

"About 40% of my magazine's ads come from restaurants," says one magazine reviewer. "My publisher isn't looking for that to change. Our policy, which I happen to disagree with, is, 'If you don't have something nice to say, don't say anything at all'."

The reviewer claims to have been called on the carpet when a major advertiser's newest restaurant received a lower rating than it had hoped for. "They pulled their ads when one of their restaurants only got three stars," says the reviewer. "Believe me, three stars (four stars is the magazine's top rating) was more than generous."

In recent years, Zagat Survey restaurant guides added more competition to the informational, service format. Zagat reviews, published in dozens of books and sold at bookstores nationally, are culled from exhaustive written surveys done by frequent diners.

No newspaper has been able to duplicate the extensive service listings of the magazines or Zagat, but they are doing what they can to keep up with the service trends that these publications set. In turn, they are often rewarded with restaurant advertising at a time when advertising revenues overall have been drifting downward.

According to Bob Coen, director of forecasting for McCann-Erickson, newspaper advertising has for several years been losing market share to other mediums such as television, especially cable. Total newspaper advertising dollars were down 5.3% in 1991 over the previous year, according to Coen. Revenues from local ads were down even more, 6%. He says entertainment-oriented newspaper advertising, however, has fared better than other retail-ads, mainly department stores. Restaurant reviews are usually placed in entertainment and arts sections of newspapers.

Why bite the hand that feeds you?

According to one restaurant consultant, who believes reviewers have

become too kind, "goring restaurants means diminishing returns."

"If you anchor a column, people go to the page when they want to eat out. It creates a marketplace. It's called affinity advertising," says Stephen Isaacs, associate dean for academic affairs at the Columbia School of Journalism, and former editor of the *Minneapolis Star*.

The moderation in reviews seems to correspond also to newspapers' toned down approach to overall coverage. One reason is economics. As dailies folded, many cities have become one-newspaper towns. The tone softened when the competition that drove hard-hitting copy ended. At the same time, pressure was on to increase advertising at a time when revenues were drying up.

"Newspapers are not so heavy handed in a lot of areas," says John Cornyn, a restaurant management consultant in Portland, Ore., who has sponsored newspaper advertising surveys. "Obviously, newspapers have been smarting. A lot are going down the tubes because they don't have the advertising."

The issue of softening approaches to newspaper journalism recently prompted the American Society of Newspaper Editors to initiate a study on how news coverage of advertisers is being watered down. The organization also wants to help editors and reporters at major daily newspapers better protect themselves against the influence of advertisers.

Besides being good business, restaurant reviews are among the most popular, most well read sections of newspapers. "It's a lot more immediate and interesting to readers than news from Nairobi," says Isaacs. "From a purely economic point of view, it's money better spent than money on a foreign bureau in Nairobi."

Newspaper publishers apparently agree. While some foreign and regional bureaus have been closed or downsized, newspaper coverage of restaurants has expanded enormously at major dailies. Besides the featured reviews, there are shorter takes on new openings and closings, new chefs and menus, and accounts of suburban eateries as well. The San Francisco *Chronicle* expanded its reviews from two to three times a week and added a new half page of dining coverage on Fridays.

Similarly, separate reviews on inexpensive restaurants are becoming more frequent as fine-dining has dropped off. Some examples: the New York *Times*' "$25 And Under" and the Chicago *Tribune's* "Cheap Eats," which describes places offering meals for $10 or less. The L.A. *Times*' "First Impressions" in Friday's Calendar gives a rundown on new and trendy spots that may or may not get full reviews down the road. The paper's "Counter Intelligence" column in Thursday's food section describes unusual ethnic restaurants around the city.

Newspapers are also broadening their restaurant coverage geographically. Since taking on the job of food editor in 1990 at the L.A. *Times*, Reichl added restaurant reviews in Orange County, San Diego, Ventura County, and the San Fernando Valley editions. The New York *Times* has for some time run reviews of suburban restaurants in regional editions.

All this runs up the expense account. But newspapers are looking the other way. Critics at most major papers say their expense accounts for eating out have not been cut back or even ques-

SPENDING SPREE

For them it's a free meal. For you it's business

As if not-too-critical reviews weren't enough, here's another reason to have fond feelings toward local reviewers: They spend money in your restaurants, sometimes lots of it.

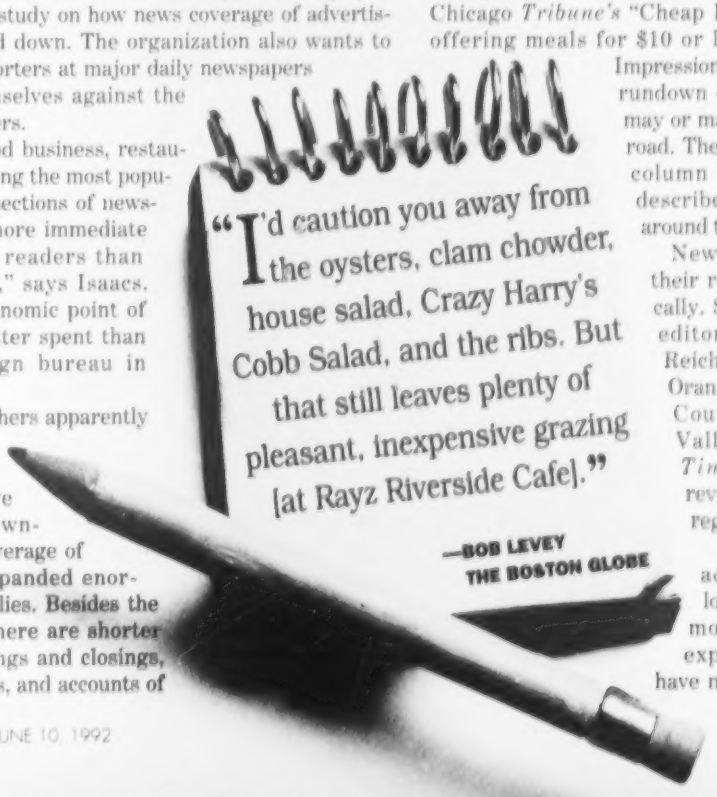
Most reviewers go to a place they plan to review at least twice, but often it's three or more times. And they bring anywhere from two to six people with them so they can sample different dishes.

Since they're on expense accounts, compliments of their newspapers, there's no scrimping on the appetizers and desserts either.

Just how much do these people spend in restaurants they scrutinize? Take a gander at a few.

Bryan Miller, *New York Times*	$120,000
Ruth Reichl/Charles Perry, *L.A. Times*	$52,000
Phyllis Richman, *Washington Post*	$40,000
Phil Vettel, *Chicago Tribune*	$30,000
Bob Levey, *Boston Globe*	$25,000
Jonathan Susskind, *Seattle Post-Intelligencer*	$16,000
Patricia Unterman, *San Francisco Chronicle*	$12,000
Mary Maushard, *Baltimore Evening Sun*	
Betsy Kline, *Pittsburgh Press*	

CHART BY SHAR FANG


"I'd caution you away from the oysters, clam chowder, house salad, Crazy Harry's Cobb Salad, and the ribs. But that still leaves plenty of pleasant, inexpensive grazing [at Rayz Riverside Cafe]."
—BOB LEVEY
THE BOSTON GLOBE

tioned in times when cost-cutting measures have been widely implemented in other departments. (At smaller dailies, however, the number of reviews and freelance budgets have sometimes been cut back).

"The paper has been very committed to keeping our budget where it was prior to the recession," says the San Francisco *Chronicle's* Bauer. He notes every department—but not his—has been told to watch expenses closely. "They realize [restaurants are] a very important and popular area."

The copy is service driven. When the *Chronicle* recently wrote about restaurants under $10 for a recessionary dining section, bad ones simply weren't included—why would they be? Likewise for an Easter brunch section some newspapers ran, including the Washington *Post*.

Reviewers can even be your friends. One journalist commented with raised eyebrows that Ruth Reichl was spotted hobnobbing with Wolfgang Puck. Chef-owner Mark Miller says Phyllis Richman "takes an interest in supporting better chefs and restaurants. She's not out to win points with the readership by being antagonistic."

One reviewer—Patricia Unterman of the San Francisco *Chronicle*—is even a restaurant operator herself. She owns the Hayes Street Grill and three pizzerias. Can she be fair? She says she can, and that being an operator gives her insights. And, no doubt, sympathies.

Elin Jeffords says she quit her job as restaurant critic for the *Arizona Republic* in Phoenix last year because she was empathizing too much with her subjects. "My sympathies were going to the restaurateurs and how hard they work," she says. She now has her own restaurant consulting firm.

The consumer-guide approach to reviewing is much different than the reviewing style practiced in Europe and even in this country during the early days of American reviewing in the 1960s and 1970s when Claiborne, followed by Mimi Sheraton, set an authoritative and vociferous tone, respectively, writing for the New York *Times*.

★ RUTH REICHL ★
LOS ANGELES TIMES

When Sheraton gave Lutece only three stars in 1977, the chef reportedly told writer David Shaw, now with the L.A. *Times*, he was "emotionally destroyed for two or three months. I couldn't create a new dish that whole time."

In the '70s, newspapers around the country realized reviews could add excitement to weekend sections and scrambled to find critics to write them. And they meant for critics to be critical. "Editors who didn't know zilch ordered reviewers to take the starch out of fancy restaurants," says John Mariani, author of *America Eats Out* and dining out columnist for *Esquire*. Dining "undercover" went with the terrain.

★ BILL RICE ★
THE CHICAGO TRIBUNE

Not so in Europe. Says the Chicago *Tribune's* Rice: "In Europe, the best-known food journalists are known to the ownership. They write more about gastronomy, about the grandeur and glory of food. Here in the U.S. a critic sneaks around and checks whether the food is properly prepared and whether the bathrooms are clean."

This kind of reviewing may not sit well with the French, but this is not France, where restaurants generally go by the same (French) standards. The U.S. is becoming home to wide ranges of ethnic foods. Who can be an expert on all of them?

Even Claiborne admits he would be stumped by some of the cuisines that are in vogue these days, so what about Joe Reviewer?

L.A. *Times* "Counter Intelligence" reviewer Jonathan Gold recently wrote about the Liberian restaurant Kukatonor and its mashed cassava root specialty, *fufu*. He also opined on *egusi*, a dish of spinach stewed with chiles and the ground seeds of a West African melon.

How would he know what fufu or a West African melon should taste like? Indeed, he wouldn't, but as his editor Reichl explains, "He reads about it. Sometimes we call consulates of countries. We find as many sources as we can."

Gold's research seemed to have failed him on the egusi, however. He said it tasted "the way you always wished vegetables tasted when you were a child."

These are not picky eaters with axes to grind. The Seattle *Post-Intelligencer's* Susskind describes himself as "a guy who eats out a lot." The son of a rabbi and a journalism major in college, he says he likes his food "honest" and his waitstaff to be "observant."

Commenting about what he wanted restaurants to do this year, he wrote: "Honest, I am really not so fussy. Serve me hot food hot and cold food cold." RB

"Although it's reheated turkey roll rather than fresh turkey, there's plenty of it on a thick slice of white bread with a big scoop of mashed potatoes [at the Emerald Diner]."
—JONATHAN SUSSKIND
SEATTLE POST-INTELLIGENCER

STEAK

MARKET SEGMENT REPORT

Nutritional concerns have not hurt segment profits.

By Rona Feldman

In the face of obstacles nutritional and financial, the nation's steak restaurants are plodding along in relatively good health. Few reported significant sales declines in universally troublesome 1991, and most began 1992 with strong showings. Upscale dinnerhouses continue to attract business execs on expense accounts by offering prime cuts of meat they claim are not even available in supermarkets. Those operators who have been hurt by declining traffic are expanding menus to include lower-priced entrees.

At the low end, budget steakhouses fit into the '90s quest for value by offering all-you-can-eat food bars with a price tag below $6. Many have gone further, expanding their food bars with in-house bakeries.

Midprice steak chains seek to fill a void that segment executives say has been untapped for years. Operators find that decent steaks served in casual atmospheres with checks in the high teens are the concept worth betting on. After a few successful years of operation, midprice chains like Longhorn, Lone Star, and Outback have gone public or are in the process of doing so, and growth is rapid.

Even the most successful steakhouse operators concede that Americans eat less red meat than they used to. But when consumers eat in restaurants, they go for meat and potatoes—often enough, at least, to keep these operators in business. "I don't expect people to be in here once a week," admits Terrance Brennan, co-owner of Steak Frites. "But they can come once every three weeks. That's the goal."

One factor that may be helping steakhouses is media reports on food contamination. "Today, you can't pick up a paper without reading something about how harmful a food is," notes Gary Zambon, president of Sirloin Stockade International, which has seen red meat sales rise for two years. "Chicken is dirty; seafood is contaminated. It gets so there's no one good thing safe to eat, so you might as well have a little of everything."

The steakhouse solution

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Stuart Anderson's 150-seat units feature high-backed booths, oak furnishings, and Western memorabilia.

STEAK

MARKET SEGMENT REPORT

Budget players fight competition with food bars and in-house bakeries.

has been to offer seafood, poultry, and pasta to broaden appeal and forestall a veto vote from a non-red meat eater in a party of diners. "Red meat? Oh, yeah, it's dropped off," says Frank Carney of Western Sizzlin. "Five or 10 years ago we wouldn't have had chicken or fish or a food bar on the menu. Today, these take care of that alternative eater."

Most customers visit steakhouses because, when they do want steak, they want good cuts prepared the way they like them. "We get customers because we serve red meat," claims David Stockman, vice president of operations for Lawry's The Prime Rib.

Perhaps the best proof of America's love affair with steak is the opening of new specialty houses in trend-conscious New York City. Chef Brennan opened Steak Frites in March, serving only aged Black Angus rib-eye and a fish of the day. For $22.50, customers tell the server if they want steak or fish, and receive a salad and their entree. Freshly prepared fries are served, and desserts include French specialties such as soufflés. A more extensive bistro menu is offered at lunch.

Brennan's Americana-steak-with-a-French-twist concept comes on the heels of La Cité, billed as "A Parisian Steakhouse." La Cité was opened two years ago by the New York Restaurant Group, which also owns steakhouses Smith & Wollensky and the Post House, as well as the seafood-oriented Manhattan Ocean Club.

Despite its positioning, La Cité features an extensive menu. In addition to $20 servings of sliced steak, sirloin prime, filet au poivre, prime rib, and chateaubriand, its menu offers veal and lamb chops, chicken dishes, cassoulet, lobster cakes, and more. Fully 50% of dinner orders are for steak dishes. The dining area is decorated with an elegant art deco theme.

Executives at the Chart House chain are careful to market their menus as including seafood and chicken, but steak is at the heart of this business, with 60% of sales from red meat.

Chart House's 91 restaurants are upscale establishments in locations sporting spectacular views of mountains, sea, or city. Each adapts a tropical decor to fit the local market. Restaurants range from 3,200 to 16,000 sq. ft., and annual sales vary just as much—from $600,000 to $6 million. Systemwide, the chain brought in $165 million in 1991—the same figure the Solana Beach, Calif.-based chain reported in 1990, and it has added a couple of restaurants since then.

Morton's is a classic upscale steakhouse. Checks average $50.

Feeling the pinch, Chart House began testing an expanded menu featuring lower-priced entrees. In a Salt Lake City, Utah, test unit, diners can still spend $20 for prime rib, or they can opt for a $9 sirloin steak sandwich or Santa Fe chicken salad. According to director of marketing communications Mike Plant, early results show that adding lower-priced entrees hasn't significantly affected check averages. "Some people are opting for the new items, but then they're buying an extra drink, or having an appetizer or dessert," he reports.

Aiming to attract another market, the company is starting a new concept called Mango's, which will dress up steak and seafood entrees with a Polynesian flair. Island prime rib with wasabi cream sauce and tropical grilled sirloin with Asian noodles may be typical entrees. Checks will average $16.

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STEAK

MARKET SEGMENT REPORT

Mango's will be about 6,000 sq. ft., seat 200, and generate $2 million a year, Plant predicts. He says two may open by year's end.

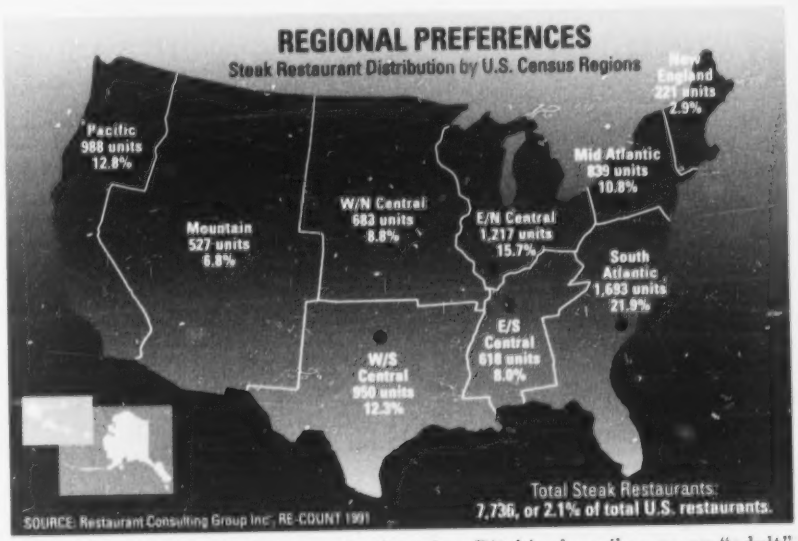
Tight-lipped Metromedia Steakhouse, Inc., is under new leadership as ousted president Michael Jenkins was replaced in March by corporate insider Michael S. Kaufman. Metromedia operates the Ponderosa and Bonanza steakhouse chains, both family concepts featuring counter service and food bars. Ponderosa has 780 restaurants, 382 company-owned, and Bonanza has 483 units, all but two franchised. Last year, franchisees of 70 Bonanza units converted their operations to Ponderosa.

Both chains expanded their menus over the past few months. Ponderosa added three steaks of higher quality than any offered by the chain before: USDA Choice filet mignon, New York strip, and porterhouse. Three lobster dinners are now on the menu as well. In April, Ponderosa's Grand Buffet food bar was expanded to include The Mexican Bar El Grande, featuring mini chimichangas, tamale pie, and make-your-own burritos. In May, barbecued ribs and chicken were added to the menu.

While Ponderosa's focus has been on offering something for every taste and budget, Bonanza's menu emphasis has been on lightening selections. The chain recently added five broiled chicken breast entrees: teriyaki, honey Dijon, Mexicali (salsa and cheese), garden (cheese sauce and broccoli), and Monterey Supreme (marinated with Monterey Jack cheese, diced onions, tomatoes, and bacon strips).

Metromedia, which reported systemwide sales of $1.2 billion in 1991, will not reveal growth plans.

Aiming to fight declining sales, Stuart Anderson's Black Angus/Cattle Company of Los Altos, Calif., has two menu additions. The upscale chain's 89 restaurants now offer lower-priced "Double Barrel" dinners and health-oriented "Sizzling Skillets."



CHARTS BY SHARI FANG

Double Barrel dinners, available Monday through Thursday, encourage weekday traffic by offering what director of marketing and advertising Sue Ritchie calls "exceptional discounts" on entrees. A 14-oz. T-bone steak, for example, is priced at $9.99, and chicken is $6.99. While T-bone steak isn't regularly on Stuart Anderson's menu, the low-cost entree will bring dinner check averages below the standard $13.

Sizzling Skillet dinners are served on 500°F. skillets. Sizzling chicken, sirloin (9 oz.) and teriyaki shrimp dinners, priced from $8.99 to $12.99, have been selling strongly, Ritchie reports.

Despite the hoopla surrounding these new menu items, a majority of customers still visit Stuart Anderson's for its signature prime rib, which sells to 20% of guests. Other beef entrees, such as top sirloin, teriyaki steak, and porterhouse, raise the percentage of beef sales still further.

Stuart Anderson's serves its meals in what Ritchie describes as an "adult" atmosphere, with tables surrounded by 6-ft. booths, oak furnishings, and Western memorabilia. Restaurants seat approximately 150, and unit sales averaged $3 million last year. Systemwide sales dropped from $250 million in 1990 to $230 million in 1991, despite the opening of three new restaurants. "The economy has had an effect on us," Ritchie explains. "The average check is declining a little because customers aren't ordering a second drink, or they're going out to dinner one less time each month," she observes.

But Stuart Anderson's has been pleased with the results of its "Best of the West" campaign, a comical, music-driven TV and radio campaign that debuted last year. Ritchie says traffic this January hit record numbers.

Another three Stuart Anderson's restaurants are scheduled to debut this year. Like the others they will be owned and operated by the company, and will be located in Western and Mountain States. The Stuart Anderson chain is owned by the American Restaurant Group, which also owns Spectrum Restaurants, Spoons, Grandy's, and Velvet Turtle.

Lawry's The Prime Rib serves nothing but prime rib in its three multi-million dollar restaurants. Waiters wheel

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The upscale Chart House chain reports

60% of sales come from red meat.

art deco carts from table to table, carving servings of the single menu item to order, then dishing out accompaniments such as mashed potatoes, peas, and creamed spinach and corn.

While the menu and service style remain the same, Los Angeles-based Lawry's will soon give its Beverly Hills customers a much enhanced atmosphere. By the end of this year, 54-year-old Lawry's will open a new $8.5 million building on its original site, across the street from the current restaurant, which opened in the early '50s. The new restaurant will seat 425 instead of the current 300 and will include private dining rooms and underground parking facilities.

Although the exterior will be modern, the new Lawry's interior will sport the same Old English feel as its predecessor. High-back leather chairs will replicate the formal, masculine feel.

Although the dinner menu remains unchanged, lunch menus in the Chicago Lawry's have been altered. Following a $1 million renovation, in April this restaurant introduced an Ale and Sandwich Bar during lunch. In a classic-looking room with wooden floors and tables, diners walk to a wood-paneled, copper-topped bar for one of four sandwich meats hand-carved to order. Corned beef, roast beef, turkey, and pastrami are typical selections. Side dishes such as sauerkraut, pickles, and cole slaw are self-serve.

Chicagoans interested in a more traditional luncheon service can order from a new pub-style menu in the main dining room. Noting that this "quicker" menu is "more in keeping with today's demands than the fairly formal luncheon menu we used to serve in the main dining room," vice president of preparations David Stockman points to salads and sandwiches as contemporary selections. Prime rib, which has always accounted for 50% of lunch sales, is still available.

PRIME TIME FOR PRIME RIB
PRIME TIME FOR PRIME RIB
PRIME TIME FOR PRIME RIB
PRIME TIME FOR PRIME RIB
PRIME TIME FOR PRIME RIB
PRIME TIME FOR PRIME RIB

Western Sizzlin raised average unit volumes to $964,000.

All three Lawry's restaurants held their own financially in 1991 despite an early-year drop-off during the start of the Persian Gulf war. The Beverly Hills restaurant grossed $7 million; the Chicago unit, $6 million; and the Dallas store, $3 million. All three are owned by Lawry's Restaurants, Inc., a 70-year-old, family-run business that also includes the Five Crowns Restaurant in Corona del Mar, Calif., and the Tam O' Shanter Inn in Los Angeles.

The Ruth's Chris Steak House chain, New Orleans, La., had a good year, posting record systemwide sales of $68 million, up from $60 million in 1990. Featuring classic steak menus in upscale restaurants—each decorated differently—Ruth's Chris average unit sales is $2.4 million. Prime New York strip, filets, and porterhouse steaks dominate the menu.

Ruth's Chris has 31 restaurants, 18 of those franchised, located across the country. This year, "The Home of Serious Steak" will expand to Baltimore, Md., and Minneapolis, Minn., as well as to Cancun—the chain's first international unit. A master franchise agreement for Mexico was signed this winter. President Ruth Fertel hopes to see existing franchisees open more units in the future.

Although its menu and decor remain conservative, growth at Chicago-based Morton's has gotten aggressive. After adding one unit at a time for many years since its 1978 inception, this upscale steakhouse chain opened five new units last year for a total of 17, and plans to see another three to five by year-end '92. Morton's growth push began in 1989 after the chain was purchased by the Quantum Restaurant Group, which also own Atlanta's Peasant Restaurants.

The five 1991 openings brought Morton's to Columbus and Cincinnati, Ohio; San Antonio, Texas; Palm Beach, Fla.; and Minneapolis. The first opening scheduled for this year will be in Beverly Hills, Calif. All Morton's are located in office complexes or upscale shopping centers; none are freestanding. Each restaurant has 125 seats.

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The 54-year-old Lawry's will open an $8.5 million building on its original site.

Morton's is a classic steakhouse. Dark mahoganies play against cream stucco walls and butter-colored upholstered booths to create a look that is somewhat dark. Brightly tiled open kitchens add a lively touch. The signature 24-oz. porterhouse dinner is $27.95, and checks average $50 per person. Portions are generous, at least 14 oz. of meat, served with 1-lb. baked potatoes and beefsteak tomatoes.

Beef still accounts for 85% of Morton's sales, but other menu items have been added over the years. Popular are broiled bacon-wrapped sea scallops with apricot chutney, swordfish, and whole Maine lobsters.

The Ruth's Chris Steak House chain posted record 1991 sales of $68 million.

The midscale steakhouse business is booming—as exampled by Outback Steakhouse. Only four years old, this Tampa, Fla.-based chain serves heartily spiced beef and complementary dishes to customers in 50 locations. Half of those restaurants opened in 1991, and another 30 are slated for this calendar year. Restaurants are owned by the company, franchisees, and in some cases, joint ventures.

Outback Steakhouse is an American-style steak-and-potatoes restaurant with Australian decor, notes chief financial officer Bob Merritt. Diners pay $10.95 for an Outback Special Sirloin, served with salad and potatoes or vegetable; the menu also features pasta, chicken, rib, seafood, and pork dishes. Checks average $16.

The company went public in June 1991, and its stock has risen from $10 a share to $36. The average 195-seat restaurant generates sales of $2.8 million a year, up from $2.6 million last year. Systemwide, that adds up to $91 million in 1991, nearly triple 1990's $34.5 million figure. Current restaurants are in Florida, Georgia, Kentucky, Indiana, Washington, D.C., and Texas. New units are scheduled for Michigan, Pennsylvania, New Jersey, Tennessee, Alabama, and Louisiana.

Following a successful 10-year run, Longhorn Steaks Restaurant & Saloon is bent on even more rapid expansion, fueled by a stock offering. Contemporary Restaurant Concepts, Ltd. (CRC), parent of the Atlanta-based casual steakhouse chain as well as three Skeeter's Mesquite Grills, is in the process of an initial public offering geared at raising $14.5 million through the sale of 1.25 million common shares, to be traded on NASDAQ. Top executives will offer another 450,000 shares.

CRC, which plans to add restaurants to its 30-unit base and repay debt, made its decision after a profitable year. CRC earned $1.5 million in 1991, up from $292,000 in 1990. Seventeen of the chain's stores are company-owned, nine are franchised, and four are joint ventures. Another 11 to 14 restaurants are slated to open this year.

In the Longhorn concept, stuffed animal heads, sports memorabilia, and photos of the Old West create the atmosphere in 120-seat, 4,500-sq.-ft. spaces. Nearly all customers order one of seven steak entrees, such as the "Longhorn steak," which is seared and topped with lemon-butter sauce. Prices range from $5.95 to $17.95, and checks average $7.95 at lunch, $16.50 at dinner.

A year after quietly adding marinated salmon to the menu, Longhorn has begun promoting it in an aggressive campaign. Potential diners see "Longhorn Salmon," complete with horns on billboards. Newspaper and radio ads complement the campaign. Salmon sales have risen considerably since the campaign's February kick-off,

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Sirloin Stockade aims to open eight to 10 new units of its lighter, brighter prototype in 1992.

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STEAK

MARKET SEGMENT REPORT

and management reports seeing "new faces" in response to the campaign.

Value-oriented Golden Corral reported increased same-store sales in 1991, with its extensive Golden Choice Buffet luring budget-minded visitors on a regular basis. "I like to think, knock wood, that our concept is recession-proof," says Stephen Fortlouis, director of marketing for the Raleigh, N.C.-based chain. "Regardless of the economic situation, you can eat well for $5, and that's one hell of a value."

Noting that Golden Corral's restaurants are predominantly in the Southeast—not the West and Northeast, which were harder hit by the troubled economy—Fortlouis points to specific options as value-oriented. Fully 60% of customers in Golden Corral's newer, 10,000-sq.-ft., 440-seat restaurants order only the $4.99 food bar. Nearly 40% of customers in the chain's smaller, 5,000-sq.-ft., 190-seat units order it exclusively.

The Golden Choice Buffet features an assortment of fried chicken, mashed potatoes, steamed vegetables, salad, fresh fruit, ice cream, toppings, baked potatoes with stuffings, and soups. "The Sound of Freshness" rings every 15 minutes at the supplementary Brass Bell Bakery, where hot cookies, muffins, rolls, and brownies are taken from the oven regularly.

Many of those who order entrees with their salad bar opt for beef, although chicken and seafood options are available. A new marinated sirloin captured 8% of sales during its introduction last December. Golden Corral is now rolling out grilled Alaskan white fish, grilled shrimp scampi, and a fried seafood platter.

Golden Corral is moving away from being an exclusively company-owned chain. Although the number of units has remained steady at 450, the company has sold 43 stores to franchisees over the past year and plans to continue selling restaurants and selling new franchises in the future. The chain expects to have a total of 20 new units by year's end. Systemwide sales in 1991 were $500 million.

In the midst of a turnaround under the guidance of Pizza Hut founder Frank Carney, Dallas-based Western Sizzlin is fine-tuning everything from food bars to marketing. Along the way, this family steakhouse chain has lost several units—but raised average unit volumes from $750,000 a couple of years ago to $964,000 today.

Chairman/CEO Carney inherited a disjointed chain of fairly independent franchised restaurants. A year ago, the chain had 435 restaurants; today, it has 373, all but two of them franchised. About a dozen units opened last year, contributing to systemwide sales of $400 million, still significantly lower than 1990's $445 million.

About 60% of Western Sizzlin's customers order one of 35 entrees, with 80% of that figure choosing from a dozen steak selections. The remaining 40% indulge in the food bar, which is merely an expanded salad bar in some locations and a hot food emporium in others. This year, the chain's food bars will be standardized further and given a name. Customers pay an average of $5.60 for a meal at Western Sizzlin.

To build excitement and prepare for the future, Western Sizzlin has begun expanding internationally, with plans for foreign units to comprise 25% of the company's total in five years. Canada, Australia, and Saudi Arabia are new markets, and Japan now has three stores.

Marketing efforts have helped raise same-store sales significantly. Carney

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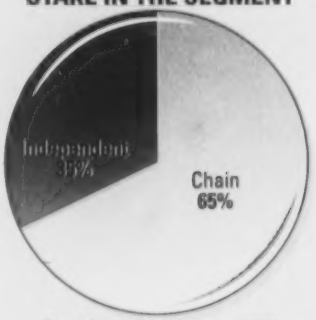
CHAINS HAVE THE BIGGEST STAKE IN THE SEGMENT



Total Steak Restaurants: 7,736

SOURCE: Restaurant Consulting Group Inc., RE-COUNT 1991

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For information circle number 68

STEAK

MARKET SEGMENT REPORT

credits a $2.99 lunch program with much of the restaurants' sales boosts, and special programs for children and seniors aim to contribute, too.

Claremont, N.C.-based Western Steer Family Steak House has found exceptional success with its new in-house bakeries. Customer counts have risen 50% in units featuring a "Western Steer Steaks Buffet Bakery," which provides a selection of rolls, muffins, cinnamon buns, and more. The company plans to add the bakery to one of its 167 restaurants every week.

Remodeled units will also gain dual ordering lines, new menu boards, lower ceilings over buffet bars, baked potato bars, scaled-down menus, children's menus with no item priced over $1.99, and reduced prices on most entrees.

Western Steer's restaurants, 97 of which are franchised, are located primarily in the Southeast. Unit volumes fell slightly last year, from $929,972 in 1990 to $927,704 in 1991. Systemwide sales during the same period dropped from $193.4 million to $123.6 million, in part due to the closing of several unprofitable units.

The chain plans to step up growth this year, expecting to open 12 new restaurants, four times more than it opened in 1991. Some will be a prototype designed for the end cap of strip shopping malls; traditionally, Western Steers have been freestanding.

Hutchinson, Kan.-based Sirloin Stockade International is stepping up growth, aiming to open from eight to 10 family steakhouses in 1992, at least double the number the chain added last year. Sirloin Stockade restaurants are located in the Oil Belt, the Midwest, and Mexico.

Currently 78 units strong, with all but six of those stores franchised, Sirloin Stockade's growth vehicle will be a larger, brighter unit. The prototype, according to president Gary Zambon, will add a Southwestern touch to the chain's traditional Western decor. Light woods and Southwestern patterns in bright colors will decorate the 400-seat dining rooms. Older units have 225 or 325 seats.

continued on page 176

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STEAK

MARKET SEGMENT REPORT

In addition to expanding Sirloin Stockade's all-you-can-eat "Smorgasbar," the prototype will include a new bakery that was tested in the three newest units. The bakery provides scratch-baked yeast rolls, muffins, cookies, brownies, and cobblers, as well as bake-off cinnamon rolls.

The Smorgasbar, which accounts for 50% of sales, is a 60-item buffet featuring salad, chicken wings, broccoli, macaroni & cheese, lasagna, meatloaf, and pasta. Carved meats and seafood are available on the weekends. Smorgasbar lunches sell for $5, dinners for $6.

The remaining half of Sirloin Stockade's customers order entrees such as the signature aged, hand-cut beef, which sells for $3.99 to $8.99. Checks average $5.50. Systemwide sales for the privately held company will top $80 million in 1992, Zambon projects. Both average unit volumes and system sales rose last year.

A smaller, more efficient prototype will help Ryan's Family Steak Houses grow aggressively this year. The Greer, S.C.-based chain has cut construction costs by $350,000 per unit, mostly by consolidating the back of the house, and therefore will put its resources toward opening 23 new restaurants in 1992; 16 were opened in 1991.

All new Ryan's will feature Bakery Bars in the dining rooms. Cookies, croissants, and yeast rolls are baked in customers' view. Bakery Bars will supplement existing MegaBars, and will be included in the price of regular entrees such as grilled steak, salmon, or pork chops. This fall, Ryan's also began offering a broiled catch of the day. Entrees run about $4.99 and account for 48% of sales. The remaining customers help themselves to Ryan's $4.79 MegaBar, heaping salads, fried chicken, casseroles, and mashed potatoes onto their plates. Checks average $5.40.

With 350 to 400 seats situated in bright, blue-and-mauve, traditional dining rooms, Ryan's restaurants grossed an average of $2.2 million in 1991, down from $2.3 million a year earlier. The addition of bakeries in some stores helped gain sales in the second half of 1991, fighting the effects of the recession, notes a spokesperson. Still, with 16 new restaurants, systemwide sales rose last year to $355 million from $331 million the year before.

After a long slowdown to regroup, train managers, and test new products, Quincy's Family Steakhouse is on the expansion trail again. This 216-unit budget steakhouse chain built four new restaurants in 1991 and plans to open another 14 in 1992. New Quincy's are larger than older units, with up to 348 seats versus the smaller 250.

Owned by Spartanburg, S.C.,-based TW Services, which also runs Canteen, Hardee's, Denny's, and El Pollo Loco, Quincy's couples its growth with menu expansion and marketing programs. Light eaters can now choose Quincy's grilled trout entree. Priced at $4.29, the 6-oz. trout is served with rice, baked potato, or fries. Cajun and lemon-pepper seasonings are offered.

Quincy's is aggressively targeting weekend breakfast business with its new Country Sideboard all-you-can-eat breakfast bar. A twice-a-week conversion of Quincy's Country Sideboard food bar, the breakfast bar features over 50 items. The breakfast bar costs $4.29 for adults, $1.99 for children.

Looking to bring in more customers for lunch, Quincy's has introduced a Nine-Minute Guarantee program during midday. Diners who don't receive their lunch within nine minutes of ordering don't have to pay. Nine-Minute customers order from a nine-item menu, which features a $3.99 Blue Plate including one of five meats, vegetables, and a beverage; chopped steak; country-style steak; chicken strips; catfish fillet; grilled chicken; and sirloin.

As always, Quincy's dinner customers can order a traditional entree or help themselves to the Country Sideboard buffet, which offers a variety of foods ranging from salad to spaghetti to meatloaf. Checks average $5.38. Unit volumes have remained steady at an average of $1.3 million. Systemwide, sales rose slightly in the chain's company-owned restaurants, to $283.29 million in 1991 from $281.5 million a year earlier.

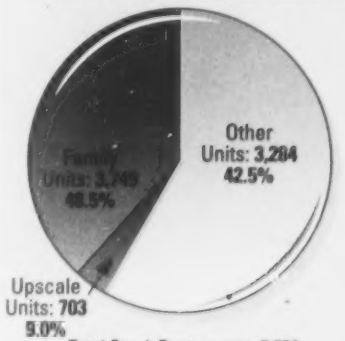
Omnivest International recently purchased the remnants of the Mr. Steak chain. A Denver court accepted the $140,000 bid for rights to 56 franchise agreements and one company restaurant. The Mr. Steak chain has been in limbo since the company filed for bankruptcy in 1987. After boasting close to 300 units at its peak, most of the franchised restaurants have closed or left the system.

Franchisees blame Mr. Steak's parent Jamco Ltd. for the chain's demise. They say Jamco lost control when franchise laws loosened in the '80s, and individual operators gained too much independence. New owner Omnivest vows to invest in Mr. Steak.

All in all, despite troubled sales in some areas, steakhouse operators feel they're here to stay. "There's no question that people don't eat as much red meat as they used to," says Outback's Merritt. "But when they go out, beef is unwaningly still king." **RB**

MIDSCALE MAINSTAY

Moderately priced family steakhouses dominate this segment. High-end joints make up only a small percentage of total units.



Total Steak Restaurants: 7,736

SOURCE: Restaurant Consulting Group Inc., RE-COUNT 1991

Menus expanded with chicken and fish may have blurred segment identity.